

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (09/27):**

BUTTER: Grade AA closed at \$0.9825. The weekly average for Grade AA is \$0.9817 (-.0050).

CHEESE: Barrels closed at \$1.1325 and blocks at \$1.2950. The weekly average for barrels is \$1.1270 (+.0010) and blocks, \$1.2890 (+.0585).

NONFAT DRY MILK: Extra Grade closed at \$0.9050 and Grade A at \$0.9200. The weekly average for Extra Grade is \$0.9050 (N.C.) and Grade A, \$0.9200 (N.C.).

BUTTER: The cash butter price at the CME has leveled off after moving higher last week. Offerings remain heavier in western states and most often in better balance elsewhere. Production levels are highest in the west where cream is surplus and moving to churns for processing. Higher cheese prices are favorable for some producers to pull milk out of butter/powder plants to make more cheese. Then, with less fresh butter available for printing, stocks are being utilized. Spotty feature activity is creating more current demand for prints and buying interest is starting to develop for holiday needs as buyers ramp up stocks for upcoming holiday periods. Food service buying patterns are steady and unaggressive. Cream demand from ice cream producers has been lower than anticipated.

CHEESE: Cheese market is mixed; prices are higher but with an unsettled undertone. Many buyers question whether current cheese supplies are tight enough to justify the price increases of the past 2 weeks. The unusually wide barrel/block spread is a problem for barrel plant operators. Demand has improved for some producers and packagers but still lacks the normal fall aggressiveness. Some Western producers/sellers are discounting prices to help stimulate sales. During the week of September 23-27, CCC purchased 39,600 pounds of Midwestern process cheese under the price support program. Cheese production is fairly steady with recent weeks.

FLUID MILK: Milk production is heavy in the Pacific Northwest and New Mexico yet generally steady elsewhere in the U.S. Fluid milk supplies are running tight in the Mid-Atlantic and Midwestern areas. This is partly due to increased shipments of fluid milk into the Southeast. However, as Tropical Storm Isidore approaches the Southeast region, some bottlers are preemptively closing down operations to avert potential problems with power outages during the storm. As a result, more milk is being temporarily diverted into manufacturing channels. Due to higher cheese prices reported, milk is also being diverted away from butter/powder and into cheese. Condensed skim prices are steady to higher for the good interest. Fluid cream supplies are light to heavy from East to West respectively. Ice cream production is better than expected for this time of year in the East and Central areas. However, in the West, ice cream production is lower, resulting in higher cream movement into churns. Cream prices are generally higher due to the higher CME AA butter average reported the week prior.

DRY PRODUCTS: Dry product markets are trending steady to firm. Although NDM offerings to the CCC continue, supply availability on the spot market is light. Production is steady to lower and demand is good as DEIP orders are filled and NDM use in cheese production increases. Buttermilk markets are mixed. Some producers are holding current and aged inventory while others are well balanced. Condensed buttermilk is clearing well into bakeries and ice cream facilities in the Central and East, whereas in the West, dry buttermilk production is rather active. Whey markets are firm. Some plants are delaying contractual shipments in order to negotiate limited supplies. Production is mostly steady with some supply increases expected in the Central and Western regions as milk handlers

divert fluid supplies away from butter/powder and into cheese vats. WPC and lactose prices are moving higher in conjunction with the firm whey market. Readily available high protein WPC is not replacing tight 34% WPC supplies. Although not all lactose contracts for fourth quarter are complete, initial reports show steady to higher prices. Much of the trade activity on WPC and lactose is due to increased feed interest.

CCC: During the week of September 23-27, CCC net purchases totaled 3,233,362 pounds of NDM from the West. A total of 39,600 pounds of process cheese was also purchased from the Midwest.

AUGUST COLD STORAGE (NASS): During August, U.S. cold storage holdings of butter total 229.9 million pounds, 6.3% less than a month ago but 94.7% higher than last August. Natural American cheese holdings total 565.6 million pounds, 1.0% less than a month ago, but 13.3% more than a year ago. Nonfat dry milk holdings at the end of July total 1.23 billion pounds, 18 million pounds more than May and 303 million pounds more than July 2001. The government holds 89.1% of the total nonfat holdings.

USDA CATTLE FEED PROGRAM: Since sign-up began on August 28, 2002, more than 14,000 producers have signed up to receive feed credits worth more than \$48 million for more than 2 million cattle in foundation herds. The \$23 per head feed credit received by the producers equates to an estimated 40 days of feed costs. Sign-up continues through December 2, 2002 and the program runs through December 31, 2002, or until funds are exhausted. Under the program, eligible producers receive feed credits that can be used at participating feed mills or dealers. In addition to the feed credits, USDA is sending participating feed mills surplus nonfat dry milk stocks to be used in manufacturing the feed. As of September 16, 2002, over 11.7 million pounds of nonfat dry milk had been shipped from storage warehouses to nearly 450 FSA approved feed mills for use in manufacturing the feed. That quantity represents more than 40 truckloads per day, and USDA expects these levels to increase as the number of approved feed dealers increases and more producers enroll in the program. Using surplus nonfat dry milk to manufacture livestock feed enables USDA to reduce its nonfat dry milk stocks along with storage costs incurred by the government while helping ranchers and livestock producers in those areas most severely stricken by drought.

USDA LIVESTOCK COMPENSATION PROGRAM: Approximately \$752 million is being made available for a new program, the Livestock Compensation Program, for cattle, sheep, goats and buffalo producers in counties that have received primary disaster designation due to drought in 2001 and/or 2002. Sign up will begin Oct. 1 with payments made soon thereafter. Payments will be based on standard feed consumption data for each eligible type of livestock. The payment rate is \$18 per animal consuming unit, which is indexed against beef cattle. For dairy cows, the adjusted factor is \$31.50/head.

U.S. DAIRY HERD STRUCTURE (NASS): There were 123,700 milk cow operations in the U.S. in 1997 compared to 97,560 in 2001, a decline of 21%. During this same period, milk cow inventory declined from 9.25 million head in 1997 to 9.12 million head in 2001. Despite the decrease in milk cow operations and inventory, milk production increased 6%, from 156 billion pounds in 1997 to 165 billion pounds in 2001, as large operations increased their share of production. Operations with more than 500 head accounted for 39% of all milk produced and 35% of total milk cow inventory in 2001, up from 29% and 24% in 1997 respectively.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY SEPTEMBER 23	TUESDAY SEPTEMBER 24	WEDNESDAY SEPTEMBER 25	THURSDAY SEPTEMBER 26	FRIDAY SEPTEMBER 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1200 (-.0200)	\$1.1225 (+.0025)	\$1.1300 (+.0075)	\$1.1300 (N.C.)	\$1.1325 (+.0025)	(-.0075)	\$1.1270 (+.0010)
40# BLOCKS	\$1.2800 (+.0150)	\$1.2825 (+.0025)	\$1.2925 (+.0100)	\$1.2950 (+.0025)	\$1.2950 (N.C.)	(+.0300)	\$1.2890 (+.0585)
BUTTER GRADE AA	\$.9800 (-.0100)	----	\$.9825 (+.0025)	----	\$.9825 (N.C.)	(-.0075)	\$.9817 (-.0050)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$0.9050 and Grade A price is \$0.9200. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, SEPTEMBER 23, 2002

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.1250, 1 @ \$1.1300; 22 CARS 40# BLOCKS: 1 @ \$1.2575, 2 @ \$1.2600, 1 @ \$1.2650, 1 @ \$1.2600, 1 @ \$1.2625, 1 @ \$1.2650, 1 @ \$1.2625, 1 @ \$1.2650, 3 @ \$1.2600, 3 @ \$1.2650, 3 @ \$1.2625, 3 @ \$1.2650, 2 @ \$1.2700, 1 @ \$1.2800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1200

BUTTER — SALES: 15 CARS: 1 @ \$0.9800, 3 @ \$0.9750, 1 @ \$0.9800, 1 @ \$0.9825, 1 @ \$0.9800, 1 @ \$0.9850, 2 @ \$0.9800, 1 @ \$0.9825, 4 @ \$0.9800; BIDS UNFILLED: 10 CARS: 2 @ \$0.9800, 2 @ \$0.9775, 1 @ \$0.9750, 3 @ \$0.9725, 2 @ \$0.9700; OFFERS UNCOVERED: 1 CAR @ \$0.9900

TUESDAY, SEPTEMBER 24, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.2825; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1225; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.2900, 1 @ \$1.3100

WEDNESDAY, SEPTEMBER 25, 2002

CHEESE — SALES: 10 CARS BARRELS: 1 @ \$1.1275, 2 @ \$1.1250, 2 @ \$1.1275, 1 @ \$1.1250, 1 @ \$1.1275, 1 @ \$1.1250, 1 @ \$1.1275, 1 @ \$1.1300; 12 CARS 40# BLOCKS: 2 @ \$1.2825, 1 @ \$1.2850, 2 @ \$1.2900, 2 @ \$1.2925, 1 @ \$1.2950, 2 @ \$1.2925, 1 @ \$1.2900, 1 @ \$1.2925; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1250; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.1500

BUTTER — SALES: 18 CARS: 3 @ \$0.9800, 1 @ \$0.9900, 1 @ \$0.9875, 1 @ \$0.9825, 1 @ \$0.9875, 5 @ \$0.9850, 1 @ \$0.9875, 1 @ \$0.9850, 2 @ \$0.9825, 1 @ \$0.9850, 1 @ \$0.9825; BIDS UNFILLED: 12 CARS: 3 @ \$0.9825, 3 @ \$0.9800, 2 @ \$0.9775, 1 @ \$0.9750, 1 @ \$0.9725, 2 @ \$0.9700; OFFERS UNCOVERED: 2 CARS: 1 @ \$0.9975, 1 @ \$1.0000

THURSDAY, SEPTEMBER 26, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS @ \$1.2950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 27, 2002

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.1400, 1 @ \$1.1500; 7 CARS 40# BLOCKS: 3 @ \$1.2975, 3 @ \$1.2900, 1 @ \$1.2950; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1300; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.1325, 4 @ \$1.1500; 4 CARS 40# BLOCKS: 2 @ \$1.3000, 1 @ \$1.3100, 1 @ \$1.3200

BUTTER — SALES: 8 CARS: 3 @ \$0.9875, 3 @ \$0.9850, 2 @ \$0.9825; BIDS UNFILLED: 8 CARS: 1 @ \$0.9825, 2 @ \$0.9800, 2 @ \$0.9750, 2 @ \$0.9700, 1 @ \$0.9500; OFFERS UNCOVERED: 1 CAR @ \$1.0000

BUTTER MARKETS

AUGUST COLD STORAGE

According to NASS, August month-ending cold storage figures for butter total 229.9 million pounds, 94% higher than the amount held last August, but 6% less than July 2002 holdings.

NORTHEAST

The market tone remains unsettled. The CME cash butter price approached the \$1.00 figure last week, but eased back a little during Monday's (9/23) trading. Some contacts wonder if that penny decline was spurred by the 9/20 Cold Storage report that shows butter stocks nearly double last year at this time. In the Northeast, churning activity is light to moderate and some producers continue to fill a portion of their print orders with storage butter. Fresh butter stocks and/or production are not always enough to fill all orders. Demand for butter is improving along seasonal patterns. Retailers are shipping in their Thanksgiving stocks for distribution to their stores in the coming weeks. Retail sales are fair unless featured. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The CME cash butter price, after approaching \$1.00 last week, has slipped slightly in early-week trading. It seems that the market is still looking for a level at which buyers and sellers are comfortable. The recent release of the *Cold Storage* report may have slowed last week's upward price movement. Churning activity is light

to moderate as fluid cream sales continue to hold up better than expected. Demand for packaged butter is seeing some improvement for anticipated Thanksgiving needs. Retail sales are fair at best unless featured and food service orders are little changed. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Demand for bulk and print butter seems to be stable at fair to good levels. Improved levels of sales must most often be tied to feature activity to stimulate buying interest. Contacts were somewhat surprised at the 5 cent increase at the CME cash butter market last week. Most thought that the heavy production coupled with stocks about double the volume of last year would dampen price increases. Production remains generally heavier than anticipated due to heavy cream offerings going into the churns. Demand for cream by other users is lackluster at best. CME weekly warehouse totals declined by 3.81 million pounds and stand at 128.6 million pounds. In the last four weeks stocks have declined by 12.7 million pounds compared to 8.7 million pounds for the same period last year. U.S. Cold Storage Report butter stocks stand at 229.9 million pounds at the end of August. This total is almost double the level of one year earlier. The increase works out to 111.8 million pounds or an average 3.2 million pounds added every week of 2002. Current prices for bulk butter range from 4 cents under to 2 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
SEP 21	1.1270 8,133,710	1.1024 9,098,732	0.9130 22,093,226	0.9403 6,552,220	0.1779 10,611,815	1.2411 2,415,351	1.2354 4,686,701

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are sharply higher following a very active week at the CME. The market tone is firm, but some contacts are still unsure that supply/demand relationships are pushing the prices upward. The recent *Milk Production* and *Cold Storage* reports show continued milk growth and heavy stocks of cheese. Neither of which are signals for price increases. Cheese output in the Northeast is steady at moderate levels. Mozzarella sales are improving slowly and cheddar demand is steady. Aged cheddar sales typically improve as we get closer to the holidays and with prices relatively low, some suppliers are hoping for a good sales year. Retail and food service orders are about steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2950-1.7900
Cheddar Single Daisies	:	1.2525-1.7125
Cheddar 40# Block	:	1.3700-1.6025
Process 5# Loaf	:	1.3350-1.5200
Process 5# Sliced	:	1.3550-1.6300
Muenster	:	1.4575-1.6625
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is firm though with an unsettled undertone. For most firms, overall demand still lacks the usual fall aggressiveness. Some specialty cheese operations have noted the return of real spot purchases while others have yet to see any of the "beat the next price increase" type orders. Barrels are tight within the region as producers with the capability to shift milk from barrel production over to blocks and 640's due to the wide spread. Also, some milk has been shifted from butter/powder production due to the better natural cheese/whey returns. Mozzarella interest is about steady with recent weeks. Aged cheddar interest remains quiet seasonally. Current cheese production is fairly steady as milk receipts are little changed even though fat and protein levels are steady to occasionally higher. Bottler milk demand is helping to keep milk supplies in the region tight. Available milk supplies are still causing problems in filling orders on some of the higher moisture/shorter shelf life products.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3050-1.5300
Brick And/Or Muenster 5#	:	1.5100-1.7925
Cheddar 40# Block	:	1.4300-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Blue 5#	:	1.9850-2.1900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4700-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	SEPTEMBER 23 - 27, 2002
BARRELS*	:	\$1.1300 - 1.1400 (NOMINAL)
	:	(\$0.0575) (-.0200)
40# BLOCKS	:	\$1.2600 - 1.2950 (NOMINAL)
	:	(\$0.1325) (.0650)

() Change from previous week. * If steel, barrel returned.

WEST

Average prices for barrel cheese moved about a nickel higher last week at the CME cash market and blocks moved more than ten cents higher. Contacts are concerned with the historically very large spread between barrels and blocks. This spread will narrow over time, but the question is how this will occur. Demand for current block cheese is probably better than for barrels, but not as good as the sixteen cent (or better) spread would indicate. Many buyers are holding off making heavier purchases until they are sure the market is actually this firm. Most feel that a normal 3-4 cent spread would indicate some stability and reality in the market. Sellers are getting more aggressive in trying to sell cheese by discounting prices. Some buyers that have finally depleted their inventories are coming back into the market on a hand-to-mouth basis. Under grade cheese offerings are increasing and are being rated as very heavy. Sales of this product have been off substantially since August 1. American cheese stocks stand at 565.6 million pounds at the end of August, 13% (66.5 million pounds) heavier than one year earlier. The decline in cheese stocks in August was the smallest in ten years. Swiss stocks stand at 14.0 million pounds, 32% (3.3 million pounds) higher than a year earlier.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2775-1.5375
Cheddar 40# Block	:	1.3550-1.4950
Cheddar 10# Cuts	:	1.5350-1.7550
Monterey Jack 10#	:	1.5450-1.7050
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are mixed on some imported styles, sharply higher on most domestic types. Stocks of most imported cheese are adequate to meet the steady demand. In parts of Europe, cheese prices are starting to increase and stocks are in better balance. This is leading some EU cheese makers to increase output when feasible.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-3.3900*	1.5900-3.0800*
Gorgonzola	:	3.2400-5.9400	2.1075-2.4900*
Parmesan (Italy)	:	TFEWR	3.0100-3.0900*
Romano (Italy)	:	2.1000-3.1900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.5975-1.8250*
Romano (Cows Milk)	:	-0-	2.7875-4.9675*
Sardo Romano (Argentina)	:	2.8500-3.2900	-0-
Reggianito (Argentina)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.6900	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500	-0-
Swiss Cuts Austrian	:	TFEWR	-0-
Edam	:		
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-2.9900*	-0-
Gouda, Large	:	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:		
10 Ounce	:	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE
CENTERS D POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
09/23/02	65,108	137,465
09/01/02	70,248	137,252
CHANGE	-5,140	213
% CHANGE	-7	N.C.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	168	0	134	0	102	0
SOUTHEAST STATES	0	0	0	0	145	0

The base price for Class I milk for October 2002 is \$10.15 per cwt., down \$0.31 from August. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for October is \$7.61, down one cent from September. Milk production is mixed, but mostly steady. Some slightly rebounds in output have been reported in the Northeast where temperatures have cooled and decreases have been noted in the Southeast. This week, Hurricane Isidore is about to make landfall in the Gulf Coast. Shoppers have not made much run on bottled milk, but Bottled water sales are "through the roof." In fact bottlers in the path of the hurricane are going to voluntarily shut down on Thursday rather than have the storm catch them with a full plant and no power to process it. This is temporarily pushing some additional milk into manufacturing channels. Florida's need for milk increased this week with more than 160 loads imported. Last week's figure was adjusted lower. Fluid milk sales in the Southeast are fair to good as quite a few retail features are in effect. Further north, bottled milk sale are termed as just fair and little changed from last week. Surplus milk volumes are still tight in most of the region. Shipments of Middle Atlantic milk to Florida is increasing and keeping supplying plants a little short on milk. Also, some logistical changes have select plants receiving more milk, but that is often at the expense of other operations. The condensed skim market is mostly steady, but some price increases were noted this week. Demand for wet solids is fair to good. The fluid cream market is firm. Supplies are reported as snug, but buyers can usually find the volumes they need. Spot prices are higher because the CME average butter price jumped more than 5.25 cents last week. Demand for cream is good and clearing most offerings. Ice cream output is seasonal, but holding up quite well for this time of year. Cream cheese production is moderate to heavier and some producers are out looking for more cream. Bottled cream production is steady at best. Churning activity is light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3320-1.4307
DELIVERED EQUIVALENT ATLANTA	-	1.3419-1.4307 M 1.3616-1.4011
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3123-1.4406

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9750-1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8600- .9250

M I D W E S T

Class I demand is generally steady aided in instances, by retail feature activity. Cottage cheese output is steady and sour and whipped cream production are on regular schedules. Milk supplies within the region are tight. Premiums paid on both manufacturing and Class I are holding fairly steady with manufacturing in the \$2.00 - 2.50 over class in most areas and around \$3.00 over for Class I. Some milk continues to move out of area to the Southeast but volumes seem to be trending lower. Some manufacturing milk demand is going unsatisfied due to the lack of supply. Manufacturing schedules are lighter than desired at most plants due to the supply of milk. Recent increases in the prices of cheese and whey have caused some limited shifting of milk away from butter/powder production due to better returns, particularly on natural cheese varieties. While field men are out actively seeking new patrons, the seemingly seasonal high number of producer sellouts is tempering their success. Cream prices are

higher, mainly due to the increase in the average butter price at the Chicago Mercantile Exchange. Ice cream production varies from still holding close to summer production levels to slowing seasonally. Condensed skim prices are steady. Current milk receipts are steady to slightly lower seasonally. Fat and protein tests are fairly steady at seasonal levels. Good progress is being made at chopping corn and generally limited on dry shell corn and soybeans. Many areas still remain dry and recent light showers have not replenished depleted soil moisture levels.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 39.00	\$ 37.00- 45.00
REPLACEMENT HEIFER CALVES	\$450.00-600.00	\$470.00-650.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 19 - 25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.50- 42.75	\$ 42.00- 46.00

W E S T

August 2002 pool receipts of milk in CALIFORNIA total 3.003 billion pounds, 7.2% higher than a year prior. The August blend price, at a fat test of 3.57%, is \$10.38, \$0.27 higher than July but \$5.28 lower than August 2001. The percentage of receipts used in Class I products is 18.14%. The August quota price is \$11.48 and the over quota price is \$9.78. These prices are \$0.20 higher than July but \$5.22 lower than a year earlier. Cumulative 2002 pool receipts through August are 6.3% higher than a year ago. Lingered hot weather in California is negating milk production recovery across the state. Temperatures over 100 degrees in the southern milk producing areas and Central Valley were causing added stress on the milk cows and milk intakes were lower. Plants are running well and there is a price-induced, better call for milk and solids from cheese plants in the state. In the north, milk volumes are trending seasonally lower, but levels are 5 to 7% higher than last year. Milk production volumes are thought to be at or close to the seasonal low in ARIZONA. Weather conditions have been hot during the day and some impact on milk receipts can be seen. There is ample processing capacity to handle current supplies. NEW MEXICO milk production levels remain strong at levels well above last year. Cow numbers continue to be added to herds and expansions. CREAM supplies remain excessive in the region, and are especially strong in California. There remains a price disincentive to ship cream out of state and shipments are mainly limited to contracted volumes. Excess cream is entering the churns in California. Cream sales to ice cream plants continue to be worse than expectations and the weak demand seems to be widespread. Butter prices moved higher last week, then retreated only slightly this week and stood at \$.9825 at midweek. Cream multiples and overages are steady at 108 to 128, FOB range. Conditions for milk production in the PACIFIC NORTHWEST remain very good. Summer like weather and temperatures has been the rule for the past week. Milk output remains seasonally quite heavy for the end of September. Many producers are surprised at the amount of milk they are getting considering the quality of hay they are now feeding. Corn silage yields are not up to expectations in the region. Financial stress is increasing at many producer locations. Heifer prices in the region are averaging \$1450-1500, down about \$200 from a month earlier. A good sized herd dispersal in the region had light buyer interest with prices averaging between \$1000-1200. Weather conditions have cooled off in the UTAH and IDAHO region. Moisture continues to be in short supply. The corn silage harvest is moving rapidly and quality and volumes look good. Scattered frost has been noted in parts of the region. Milk production is holding better than expected, but is generally declining. Hay supplies look adequate at this time, but future availability and prices are the big unknown in the feed price scenario. Heifer prices are generally in the \$1450-1500 price range with less demand noted.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a firm market. Movement is very light due to limited supply availability, especially on 50# bags. Many buyers are seeking additional loads from the West at competitive prices. However, supplies in the West are not always readily available. Production of low heat is steady to lower as some plants divert fluid milk away from NDM facilities and into cheese. As a result, some contractual shipments are being delayed. High heat production is steady to higher as dryer time is more readily available. Interest in high heat is increasing into bakeries as the holiday season nears. Condensed skim movement is steady and mostly contractual.

EAST: Prices are steady to higher in a continued firm market. Drying schedules in the East are light to moderate. Most butter/powder plants do not too much milk to process, but occasionally some extra milk is available. When it is, producers often make low heat to fill orders or build a little inventory of high heat. The continued good demand for condensed skim is also keeping drying lighter than some had expected. Producer stocks are closely balanced and most of what is on hand is committed. Spot sales for immediate needs are often filled in the resale market. Demand for NDM is steady.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .9300 - .9800 MOSTLY: .9500 - .9550
HIGHHEAT: .9625 - 1.0250

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are steady this week with some indications of a slightly firmer market tone. However, there continues to be offerings to the support program, although more are contracting medium heat NDM for donation. In addition, more NDM is entering cheese vats to bring up solids and DEIP orders are being filled. Spot offerings are not as plentiful as in recent weeks and buyers are finding discounts are not readily available. Production is lower as many states in the region are at or near the low point of the year. During the week of September 16 - 20, adjusted support program purchases totaled 2,237,211 pounds of NDM with 3,026,556 pounds from the West (a Midwest cancellation decreased the net total). High heat prices are higher and demand is improved for some producers. Seasonal accounts are taking more NDM to fill in for needs. Buyers are generally keeping their stocks as tight as possible.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8900 - .9575 MOSTLY: .9000 - .9100
HIGHHEAT: .9250 - .9600

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 20	\$.9029	14,007,008	5,666,684
September 13	\$.9028	14,265,563	4,220,275

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and the market tone remains mixed. Trading activity is light. Some buyers are readily able to add extra loads to their contracts at prices from the lower end of the range. Resale product is reportedly available from the beginning of the year at the low end also. However, some buyers are also accepting of prices at the higher end of the range, to the dismay of traders who ponder why such a transaction would take place when product from the West is clearly competitive. Production is seasonally light with condensed product clearing readily into some bakery and ice cream facilities. Dry buttermilk inventories are mixed with some plants sold out while others still hold loads to clear.

F.O.B. CENTRAL: .7500 - .8600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the Eastern prices remain nominal. The market tone is little changed from weeks past. Churning activity is light to moderate and continued good sales of liquid buttermilk are keeping drying schedules light. Plant stocks are fairly well balanced, but some inventories of off condition powder are being reported. Some of this product is being discounted to attract interest. Spot demand for Extra Grade powder is steady.

F.O.B. NORTHEAST: .7800 - .8350
DELVD SOUTHEAST: .7800 - .8550

DRY BUTTERMILK - WEST

Western buttermilk prices are holding fully steady in light to moderate trading. There is a mixed market tone which is best reflected by the inventory level of producers. There are moderate and better supplies for some producers and discounting is not helping to move stocks. Drying schedules are still active, especially in California, as cream is entering butter facilities for churning and solids are left for processing.

F.O.B. WEST: .7200 - .7800 MOSTLY: .7300 - .7500

DRY WHOLE MILK - NATIONAL

Prices are steady to higher and still nominal. Some price increases were a result of recent increases in the CME butter prices. Production levels are up slightly in recent weeks and generally due to the need to fill contract shipping schedules. Plant stocks are light and closely balanced. Spot demand is limited. Some export interest was noted recently, but price competition from other producing countries makes it unlikely that U.S. powder will move off shore.

F.O.B. PRODUCING PLANT: 1.0950 - 1.1900

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Manufacturers continue to demand higher prices with some resistance noted at 2 cents over the average. Resellers are readily trading aged stocks at premium prices. Buyers and sellers are hesitant to speculate on price beyond a month from now, especially as some plants divert more fluid milk into cheese and whey facilities. Export interest is very slow. Demand is best from the feed industry as buyers attempt to purchase additional loads in order to forgo future price increases. Some buyers are also starting to divert their interest to lower priced permeate and lactose markets. Condensed whey is readily available with some contractual buyers adding additional loads without any difficulty.

F.O.B. CENTRAL: .2200 - .2300 MOSTLY: .2200 - .2275

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to increase and the market tone is firm. Most Eastern producers report being sold out for various period of time. Some operations report being out of the spot market for the remainder of the year. Others hope to have an occasional spot load to offer or hold as they see fit. Cheese output is lighter due to the tighter supply of surplus milk. Spot demand is usually filled in the resale side of the market and premiums seem to have leveled off in the 2-3 cents range. However, some traders feel that the resale whey market isn't as "hectic or crazy" as it seemed a week or two ago. Buyers are looking to find some extra loads ahead of any additional price increases. There continues to be instances of contracts being delayed or cut due to lack of production.

F.O.B. NORTHEAST:	EXTRA GRADE	.2100 - .2200
	USPH GRADE A	.2100 - .2300
DELVD SOUTHEAST:		.2350 - .2650

DRY WHEY - WEST

Prices continue to firm more rapidly for Western whey powder. Domestic buyer interest is very good with some inquiries coming from outside the Western region. Export sales continue to occur even with the higher prices. A number of producers are stating that they are sold out for the near term and are not taking on any new orders until into October. Some are delaying shipping schedules on contracted orders. More spot sale interest is noted as buyers scramble to find other sources of powder. Production levels are holding up quite well as milk supplies are strong and some operations are shifting milk out of butter/powder into cheese. A short run financial problem is occurring at those operations limited to only barrel cheese production because of the historically wide spread currently in place.

NONHYGROSCOPIC: .1550 - .2150 MOSTLY: .1650 - .1825

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher. Milk replacer and roller ground markets are coordinately firm with the Extra Grade whey market. Supplies are in balance to somewhat tight as feed buyers take good interest in lower priced alternatives to the Extra Grade whey market. Delactose prices are slightly higher. Spot trade activity is light into feed markets and steadily increasing into edible markets due to increased process cheese demand as the holiday season nears. Off grade product is available at some locations for the fair interest. Production is steady and inventories are in balance for the mostly contractual interest. Early weaned pigs are trading steady to firm while the North Central veal market is steady to weak.

F.O.B. CENTRAL:	
MILK REPLACER:	.1850 - .2100
ROLLER GROUND:	.2000 - .2250
DELACTOSE (Min. 20% protein):	.3100 - .3375

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a firm market. Supplies are reported as tight from most producer locations. Although 80% WPC from domestic and foreign sources is often available at competitive prices to the 34% market, 80% WPC is generally not replacing 34% WPC due in part to the required high priced Extra Grade whey needed to dilute high protein. However, a few feed buyers are now decidedly contracting some of the high protein product through most of 2003. Some edible export markets are diverting their interest away from the US market and obtaining lower priced supplies from the EU and Australia. Production is mostly steady with limited supplies of condensed product available. Off grade WPC at variant protein levels from domestic and foreign sources is readily available for the light to fair interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4350 - .4800 MOSTLY: .4500 - .4600

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Fourth quarter negotiations are only commencing at some locations. However, current contracts finalized are generally trending unchanged to higher. Inquiries are increasing from feed facilities as buyers seek lower priced alternatives to the current Extra Grade whey market. Spot movement is generally slow into domestic and export markets. Some buyers are delaying commitments as market trends are not anticipated to hold in the long term. Others are securing supplies to avert upward price movement. Production is mostly steady and inventories are in better balance than at this time last quarter. Off grade supplies are limited and competitive with the permeate market for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1450 - .2250 MOSTLY: .1500 - .1700

CASEIN - NATIONAL

Acid and rennet casein prices are fully steady and the market undertone remains on the weak side entering fourth quarter contract time. Rennet is noted to be in better shape than acid casein from a supply standpoint. There are concerns about the effects of the current drought situation in Australia as the production year starts. The trade will watch what product mix will be made during the current production year and how much casein will be produced. Additionally, the current firmness in international NDM prices could have an impact on what products are produced. Current casein supplies in the United States are ample to fill present needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8500 - 2.1000
ACID:	1.6500 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are little changed as milk prices are still quite low and some plants do have access to steady volumes. Others, who have to go out and buy milk, are finding that supplies are tight and premiums rather high. Producer stocks are moderate, but starting to be pulled down as retailers take what they feel they need for Thanksgiving.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume ^{1/}

Month	09/11	09/12	09/13	09/16	09/17	09/18	09/19	09/20	09/23	09/24
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
SEP 02	9.88 (3271) 21	9.88 (3273) 7	9.81 (3271) 5	9.85 (3249) 20	9.89 (3267) 8	9.87 (3276) 16	9.87 (3267) 10	9.85 (3267) 18	9.85 (3262) 15	9.84 (3262) 0
OCT 02	10.03 (3062) 134	9.91 (3081) 55	10.05 (3086) 19	10.16 (3077) 24	10.40 (3071) 59	10.17 (3058) 26	10.33 (3051) 26	10.45 (3051) 3	10.26 (3066) 63	10.34 (3057) 60
NOV 02	10.34 (1943) 75	10.40 (1992) 167	10.70 (1984) 45	10.95 (1970) 95	11.00 (1995) 85	10.60 (1994) 73	10.65 (1989) 34	10.67 (1989) 71	10.30 (2020) 57	10.31 (2030) 84
DEC 02	10.40 (1396) 21	10.45 (1387) 20	10.80 (1403) 79	10.95 (1409) 47	11.00 (1450) 84	10.70 (1463) 50	10.65 (1464) 16	10.65 (1503) 79	10.25 (1505) 26	10.33 (1508) 51
JAN 03	10.75 (865) 36	10.83 (862) 54	11.04 (876) 49	11.06 (887) 22	10.96 (889) 21	10.71 (914) 49	10.73 (914) 12	10.77 (915) 18	10.64 (925) 10	10.56 (921) 8
FEB 03	11.00 (749) 36	11.07 (755) 20	11.35 (768) 32	11.35 (778) 18	11.21 (781) 18	11.00 (803) 42	11.01 (802) 5	11.03 (801) 18	10.90 (801) 0	10.85 (801) 8
MAR 03	11.32 (613) 23	11.40 (654) 49	11.60 (668) 24	11.60 (677) 20	11.46 (692) 17	11.30 (694) 21	11.29 (714) 25	11.30 (720) 22	11.25 (722) 4	11.25 (726) 11
APR 03	11.52 (395) 23	11.59 (411) 18	11.70 (424) 17	11.70 (431) 20	11.56 (446) 35	11.45 (458) 16	11.38 (457) 8	11.43 (461) 13	11.40 (464) 4	11.40 (464) 0
MAY 03	11.60 (345) 16	11.68 (346) 15	11.78 (365) 21	11.78 (368) 12	11.72 (390) 36	11.60 (399) 12	11.55 (399) 5	11.60 (410) 14	11.60 (412) 4	11.60 (413) 4
JUN 03	11.90 (297) 23	11.98 (300) 4	12.10 (323) 29	12.07 (344) 23	12.00 (371) 38	11.85 (378) 17	11.90 (380) 10	11.93 (394) 16	11.90 (400) 7	11.92 (401) 2
JUL 03	12.39 (229) 18	12.50 (238) 9	12.75 (263) 38	12.75 (280) 17	12.62 (307) 48	12.40 (315) 20	12.45 (320) 7	12.50 (323) 5	12.45 (325) 2	12.50 (330) 7
AUG 03	12.58 (161) 28	12.66 (169) 11	12.80 (190) 31	12.80 (209) 28	12.70 (222) 41	12.50 (230) 15	12.55 (231) 2	12.55 (234) 4	12.55 (236) 2	12.60 (240) 4
SEP 03	12.70 (166) 14	12.80 (167) 8	12.95 (197) 41	12.95 (209) 15	12.85 (247) 51	12.75 (260) 17	12.80 (258) 3	12.80 (263) 10	12.80 (263) 2	12.80 (265) 15
OCT 03	12.40 (124) 9	12.50 (128) 7	12.70 (143) 39	12.70 (149) 6	12.65 (190) 56	12.50 (193) 9	12.55 (190) 3	12.55 (192) 4	12.46 (194) 2	12.50 (199) 6
NOV 03	12.29 (120) 3	12.37 (123) 12	12.65 (157) 34	12.65 (166) 10	12.50 (202) 62	12.40 (205) 11	12.30 (205) 3	12.40 (205) 1	12.35 (209) 5	12.35 (210) 2
DEC 03	11.95 (94) 3	11.95 (97) 5	12.10 (116) 26	12.20 (117) 5	12.15 (140) 50	12.05 (142) 7	12.05 (142) 0	12.05 (143) 1	12.05 (145) 2	12.05 (146) 2
CME - CLASS IV MILK FUTURES -- Dollars per cwt.										
SEP 02	10.50 (417) 0	10.40 (407) 0	10.40 (407) 0	10.40 (417) 0	10.40 (417) 0	10.40 (417) 0	10.40 (417) 0	10.30 (417) 0	10.30 (417) 0	10.30 (417) 0
OCT 02	10.50 (370) 0	10.50 (370) 0	10.42 (370) 0	10.42 (370) 1	10.45 (370) 0	10.45 (370) 0	10.45 (370) 0	10.45 (370) 0	10.45 (370) 0	10.45 (370) 0
NOV 02	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0	10.50 (279) 0
DEC 02	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0
JAN 03	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0
FEB 03	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0
MAY 03	11.25 (5) 0	11.23 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0
JUN 03	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0
JUL 03	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0	11.25 (1) 0
CME - BUTTER FUTURES -- Cents per pound										
SEP 02	92.25 (100) 0	92.27 (92) 2	94.00 (79) 1	98.00 (49) 5	101.00 (45) 1	101.00 (35) 1	101.00 (29) 0			
OCT 02	94.25 (297) 4	94.50 (295) 10	96.00 (295) 6	99.75 (280) 19	101.50 (268) 4	101.50 (267) 5	101.50 (264) 1	100.00 (282) 17	98.00 (275) 21	97.75 (269) 19
DEC 02	96.75 (135) 0	96.75 (135) 0	98.50 (133) 3	103.00 (135) 16	104.50 (134) 2	104.00 (134) 0	104.25 (135) 1	104.25 (141) 4	101.25 (144) 5	100.50 (146) 7
MAR 03	112.97 (111) 8	111.50 (114) 4	113.00 (119) 5	114.00 (120) 2	112.00 (121) 1	112.00 (121) 0	112.00 (125) 4	114.00 (125) 1	114.00 (131) 6	114.00 (140) 11
MAY 03	115.50 (88) 8	114.00 (90) 3	116.00 (93) 3	116.00 (95) 3	114.00 (95) 0	114.00 (95) 0	114.00 (99) 4	116.00 (99) 1	116.00 (102) 4	116.00 (104) 4
JUL 03	118.00 (14) 0	117.00 (14) 0	117.00 (14) 0	118.00 (20) 6	117.00 (21) 1	117.00 (21) 0	117.00 (22) 1	120.00 (22) 0	120.00 (22) 0	120.00 (22) 0

^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 16 - 27, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Demand, both internally and internationally, has improved for dairy products. International buyers that had been delaying purchases for even lower prices are finding prices have rebounded and now must pay higher prices. Milk production in Europe is trending lower seasonally. Summer protein and fat levels in the milk supply in selected countries were lower than normal, reducing manufactured product yields. Some milk volumes were shifted to cheese production from butter/powder as the stronger domestic market for cheese increased prices within the EU. However, recent powder price increases have caused milk volumes to return to powder use and is improving powder supplies slightly. Fluid demand is normal for early fall. Some concern remains over whether the US DEIP program as adjusted, will impact the recent strength in international prices. An anticipated meeting by the EU dairy commission in Brussels on September 26 is scheduled to at least discuss releasing some skim milk inventory from intervention for animal feed use, among other issues.

BUTTER/BUTTEROIL: Butter prices are firm. Butter production is trending lower seasonally though some extra milk has been switched back from cheese to powder. Some prompt shipment orders into the Middle Eastern countries are occurring for expected Ramadan needs and this firmed short term prices. Reports of delayed butter shipments from Australia caused by the drought reduced early season milk receipts have stimulated some additional Middle Eastern interest.

82% BUTTERFAT:	1,200 - 1,300
99% BUTTERFAT:	1,250 - 1,400

SKIM MILK POWDER (SMP): The skim market is firm. Current commercial supplies are tight. International buyers that had been holding off on purchases are finding world supplies tighter than expected. Some discussions have been made to release extra skim supplies from EU intervention stocks due to good interest and tight supplies. Current production is light, reflecting lower milk intakes, though some milk volumes have returned from cheese production in recent weeks due to stronger prices.

1.25% BUTTERFAT:	1,250 - 1,350
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WHOLE MILK POWDER (WMP): The whole milk market is firm. International interest has improved and current supplies are limited. Production is light due to seasonally reduced milk intakes and stronger competition for milk. Higher prices have caused some milk supplies to shift back into whole milk production from cheese.

26% BUTTERFAT:	1,350 - 1,420
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SWEET WHEY POWDER: The whey market is generally steady. Current whey supplies are declining as milk production declines seasonally. Some milk volumes are being shifted from cheese/whey production back to skim and whole milk powders.

NONHYGROSCOPIC:	350 - 450
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EASTERNEUROPE: Supplies are tight as milk receipts decline seasonally. Weather related production declines during the summer from drought in Russia and flooding problems elsewhere reduced milk production and manufactured product supplies. A few buyers are no longer sourcing powder from a few selected Eastern European countries due to buyer acceptance problems.

OCEANIA

OVERVIEW: New Zealand is off to a good early start to the new milk production season. More conducive weather, warmer temperatures, and rain have allowed for good early spring pasture conditions. Current plant milk receipts are running in the area of 8% above comparable last season levels with the expectation of receipts for the full season more in the 2% higher area. Peak milk receipts are not expected for at least another few weeks. Current production is targeted towards whole and skim milk production to help with early season demand. Tight international powder supplies and the return of some international customers to the market have helped powder prices to increase while butter and cheese prices are generally steady. Also, the spreading out of the US DEIP awards over more of the year was viewed as positive and not nearly as disruptive to recent international price increases in the powder markets. In Australia, severe drought in some provinces including northern Victoria, the major milk producing region, has producers concerned about pasture conditions and feed availability for summer. Also, higher feed costs and the current low farm gate milk prices may reduce milk intakes. At this time, some forecasts have Australian milk production for the season even below the previous season.

BUTTER: The butter market is steady. Some butter production is being produced for anticipated fall and winter holiday needs as well as the result of international interest in skim milk by international customers. Production is increasing seasonally as milk production builds for the spring peak. Some interest for Ramadan supplies is occurring from predominantly Muslim Middle Eastern countries.

82% BUTTERFAT:	1,000 - 1,050
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CHEDDAR CHEESE: The international market for cheese is still quiet. Producers are still trying to clear out remaining last season's production and current cheese production is light. At this time, extra milk is being used for powder production rather than in cheese.

39% MAXIMUM MOISTURE:	1,500 - 1,600
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SKIM MILK POWDER (SMP): The skim market is firm and prices are steady to higher. Limited new season supplies and the lack of old season inventory have helped with current market firmness. Also, some buyers have returned to the market after delaying purchases in the hope for even lower prices. Additional U.S. DEIP volumes and the possibility of the EU releasing some intervention powder stocks to the trade may affect the direction of international prices and interest.

1.25% BUTTERFAT:	1,250 - 1,350
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WHOLE MILK POWDER (WMP): The whole milk market is firm with prices generally higher. International interest is good. Demand for Ramadan products is stimulating additional interest from Middle Eastern buyers. Whole milk production is increasing seasonally along with milk receipts. Manufacturers have emphasized whole milk production at the expense of most other export products as inventory from last season already has been depleted.

26% BUTTERFAT:	1,250 - 1,350
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Exchange rates for selected foreign currencies: September 23, 2002

.6322 Canadian Dollar	.0207 Indian Rupee
.2729 Argentina Peso	.4695 New Zealand Dollar
.0975 Mexican Peso	.5437 Australian Dollar
1.5509 British Pound	.0081 Japanese Yen
.2406 Polish Zloty	.9771 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0975)= 10.2564.
That is 1 US Dollar equals 10.2564 Mexican Pesos.

Source: Wall Street Journal

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

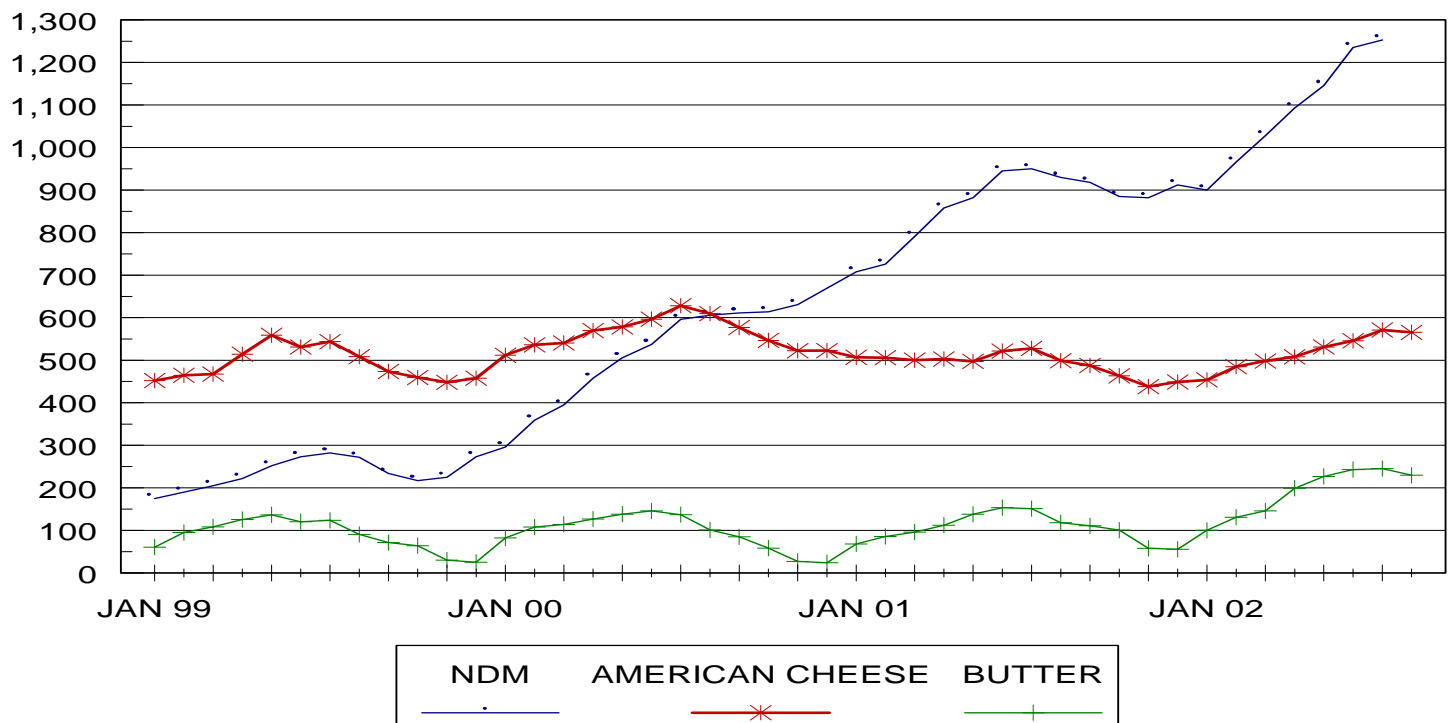
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUL 31, 2000	JUL 31, 2001	REVISED JUL 31, 2002	AUG 31, 2000	AUG 31, 2001	AUG 31, 2002
Butter	136,928	151,123	245,298	101,328	118,049	229,856
Cheese, Natural American	628,284	527,916	571,116	609,658	499,044	565,576
Cheese, Swiss	14,906	11,479	15,524	13,443	10,668	14,047
Cheese, Other Natural	227,075	213,169	241,931	216,797	211,469	220,358
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	391	815	1,991	388	1,065	2,449
Natural American Cheese	163	1,600	572	402	1,575	420

AUGUST COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	22,198	23,032	20,603	---	---	---	1,136	430	443
Middle Atlantic	53,921	56,606	69,202	---	---	---	12,005	34,704	37,887
East North Central	305,077	215,931	218,094	---	---	---	102,089	98,149	109,632
West North Central	124,900	96,173	140,453	---	---	---	77,623	59,891	56,272
South Atlantic	5,661	4,890	4,411	---	---	---	646	200	1,919
East South Central	0	0	271	---	---	---	194	164	178
West South Central	487	1,034	2,244	---	---	---	521	171	281
Mountain	10,152	12,959	13,572	---	---	---	6,362	5,626	1,210
Pacific	87,262	88,419	96,726	---	---	---	16,221	12,134	12,536
TOTAL	609,658	499,044	565,576	101,328	118,049	229,856	216,797	211,469	220,358

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE 1999 TO DATE

MILLION POUNDS



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Million Pounds						Million Pounds						Million Pounds					
January	100	68	100	68	<u>3/</u>	<u>3/</u>	454	507	453	505	1	2	900	708	120	145	780	563
February	131	86	129	86	1	<u>3/</u>	485	506	484	504	1	2	966	726	142	138	823	589
March	146	96	144	95	1	1	498	500	497	498	1	2	1,028	791	158	123	871	668
April	199	112	197	112	2	1	508	503	508	501	1	2	1,093	858	161	127	933	731
May	227	138	225	137	2	1	531	497	531	496	1	2	1,146	882	166	134	981	747
June	243	153	241	153	2	1	546	522	545	520	1	2	1,235	945	174	166	1,062	779
July	245	151	243	150	2	1	571	528	571	526	1	2	1,253	950	138	147	1,116	803
August	230	118	227	117	2	1	566	499	565	497	<u>3/</u>	2		930		109		821
September		111		111		<u>3/</u>		488		486		1		918		103		815
October		101		100		<u>3/</u>		463		462		1		885		100		785
November		58		58		<u>3/</u>		438		438		<u>3/</u>		882		113		769
December		56		55		<u>3/</u>		449		448		1		912		136		776

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jul 31, 2000	Jul 31, 2001	Jul 31, 2002	Aug 31, 2000	Aug 31, 2001	Aug 31, 2002
	Thousand Pounds					
Butter	136,537	150,308	243,307	100,940	116,984	227,407
Natural American Cheese	628,121	526,316	570,544	609,256	497,469	565,156

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (9-02) and "Dairy Products," Da 2-6 (9-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, OCTOBER 2002, WITH COMPARISONS ^{1/}												
CITY	OCT 2000			OCT 2001			SEP 2002			OCT 2002		
	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference
	Dollars Per Hundredweight											
Atlanta, GA	16.32	14.99	1.33	19.81	19.03	0.78	15.49	13.56	1.93	15.37	13.25	2.12
Baltimore, MD	16.24	14.89	1.35	20.38	18.93	1.45	15.21	13.46	1.75	14.90	13.15	1.75
Boston, MA	15.62	15.14	0.48	20.78	19.18	1.60	15.11	13.71	1.40	14.80	13.40	1.40
Carbondale, IL	15.80	14.09	1.71	19.84	18.13	1.71	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Charlotte, NC	16.32	14.99	1.33	19.81	19.03	0.78	15.49	13.56	1.93	15.18	13.25	1.93
Chicago, IL	15.54	13.69	1.85	19.62	17.73	1.89	14.35	12.26	2.09	14.04	11.95	2.09
Cincinnati, OH	15.97	14.09	1.88	19.96	18.13	1.83	14.27	12.66	1.61	13.91	12.35	1.56
Cleveland, OH	15.77	13.89	1.88	19.76	17.93	1.83	14.07	12.46	1.61	13.71	12.15	1.56
Dallas, TX	15.69	14.89	0.80	19.05	18.93	0.12	14.86	13.46	1.40	14.45	13.15	1.30
Denver, CO	15.14	14.44	0.70	19.18	18.48	0.70	13.86	13.01	0.85	13.55	12.70	0.85
Des Moines, IA	14.73	13.69	1.04	18.94	17.73	1.21	13.63	12.26	1.37	13.33	11.95	1.38
Detroit, MI	14.89	13.69	1.20	18.73	17.73	1.00	13.51	12.26	1.25	13.20	11.95	1.25
Hartford, CT	15.52	15.04	0.48	20.68	19.08	1.60	15.01	13.61	1.40	14.70	13.30	1.40
Houston, TX	16.29	15.49	0.80	19.65	19.53	0.12	15.46	14.06	1.40	15.05	13.75	1.30
Indianapolis, IN	15.77	13.89	1.88	19.76	17.93	1.83	14.07	12.46	1.61	13.71	12.15	1.56
Kansas City, MO	15.08	13.89	1.19	18.89	17.93	0.96	14.22	12.46	1.76	13.92	12.15	1.77
Louisville, KY	15.24	14.09	1.15	19.13	18.13	1.00	13.76	12.66	1.10	13.45	12.35	1.10
Memphis, TN	15.62	14.69	0.93	19.31	18.73	0.58	14.99	13.26	1.73	14.90	12.95	1.95
Miami, FL	18.83	16.19	2.64	22.32	20.23	2.09	18.00	14.76	3.24	17.69	14.45	3.24
Milwaukee, WI	15.49	13.64	1.85	19.72	17.68	2.04	14.45	12.21	2.24	14.14	11.90	2.24
Minneapolis, MN	14.70	13.59	1.11	19.08	17.63	1.45	13.80	12.16	1.64	13.49	11.85	1.64
New Orleans, LA	16.47	15.49	0.98	19.96	19.53	0.43	15.64	14.06	1.58	15.52	13.75	1.77
Oklahoma City, OK	15.54	14.49	1.05	19.33	18.53	0.80	14.71	13.06	1.65	14.40	12.75	1.65
Omaha, NE	14.78	13.74	1.04	18.99	17.78	1.21	13.68	12.31	1.37	13.38	12.00	1.38
Philadelphia, PA	16.41	14.94	1.47	20.55	18.98	1.57	15.38	13.51	1.87	15.07	13.20	1.87
Phoenix, AZ	14.39	14.24	0.15	18.43	18.28	0.15	12.96	12.81	0.15	12.65	12.50	0.15
Pittsburgh, PA	15.79	13.99	1.80	19.93	18.03	1.90	14.56	12.56	2.00	14.20	12.25	1.95
St. Louis, MO	15.60	13.89	1.71	19.64	17.93	1.71	13.71	12.46	1.25	13.40	12.15	1.25
Salt Lake City, UT	14.04	13.79	0.25	18.13	17.83	0.30	12.66	12.36	0.30	12.35	12.05	0.30
Seattle, WA	14.88	13.79	1.09	18.25	17.83	0.42	12.78	12.36	0.42	12.47	12.05	0.42
Spokane, WA	14.88	13.79	1.09	18.25	17.83	0.42	12.78	12.36	0.42	12.47	12.05	0.42
Springfield, MO	15.14	14.09	1.05	18.93	18.13	0.80	14.31	12.66	1.65	14.00	12.35	1.65
Washington, DC	16.24	14.89	1.35	20.38	18.93	1.45	15.21	13.46	1.75	14.90	13.15	1.75
Simple Average	15.60	14.37	1.23	19.55	18.41	1.14	14.44	12.95	1.49	14.13	12.64	1.49

^{1/} Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers. ^{2/} The price series for this city has been discontinued.

FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for October 2002 is \$10.15 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$6.91 and the advanced butterfat pricing factor of \$0.9935. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$6.91. Thus, the Class II skim milk price for October is \$7.61 per cwt., and the Class II nonfat solids price is \$0.8456. **Product Price Averages.** The two-week product price averages for October are, butter \$0.9297, nonfat dry milk \$0.9080, cheese \$1.1427, and dry whey \$0.1703.

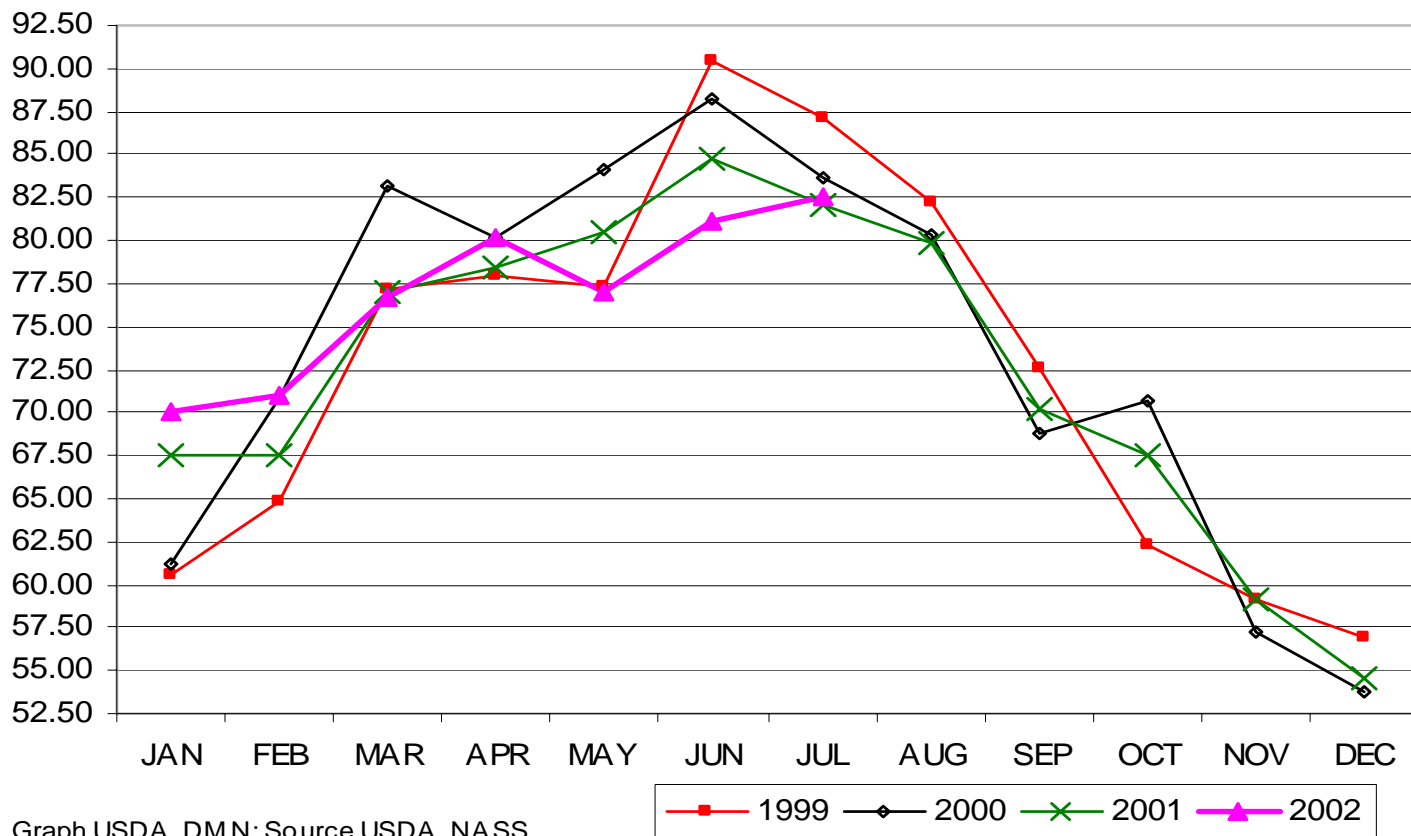
FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} ^{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	October 2002		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	13.40	10.16	1.0260
Appalachian (Charlotte) ^{5/}	005	13.25	10.01	1.0245
Southeast (Atlanta) ^{6/}	007	13.25	10.01	1.0245
Florida (Tampa) ^{7/}	006	14.15	10.91	1.0335
Midwest (Cleveland) ^{8/}	033	12.15	8.91	1.0135
Upper Midwest (Chicago) ^{9/}	030	11.95	8.71	1.0115
Central (Kansas City) ^{10/}	032	12.15	8.91	1.0135
Southwest (Dallas) ^{11/}	126	13.15	9.91	1.0235
Arizona-Las Vegas (Phoenix) ^{12/}	131	12.50	9.26	1.0170
Western (Salt Lake City) ^{13/}	135	12.05	8.81	1.0125
Pacific Northwest (Seattle) ^{14/}	124	12.05	8.81	1.0125
All-Market Average		12.73	9.49	1.0193

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

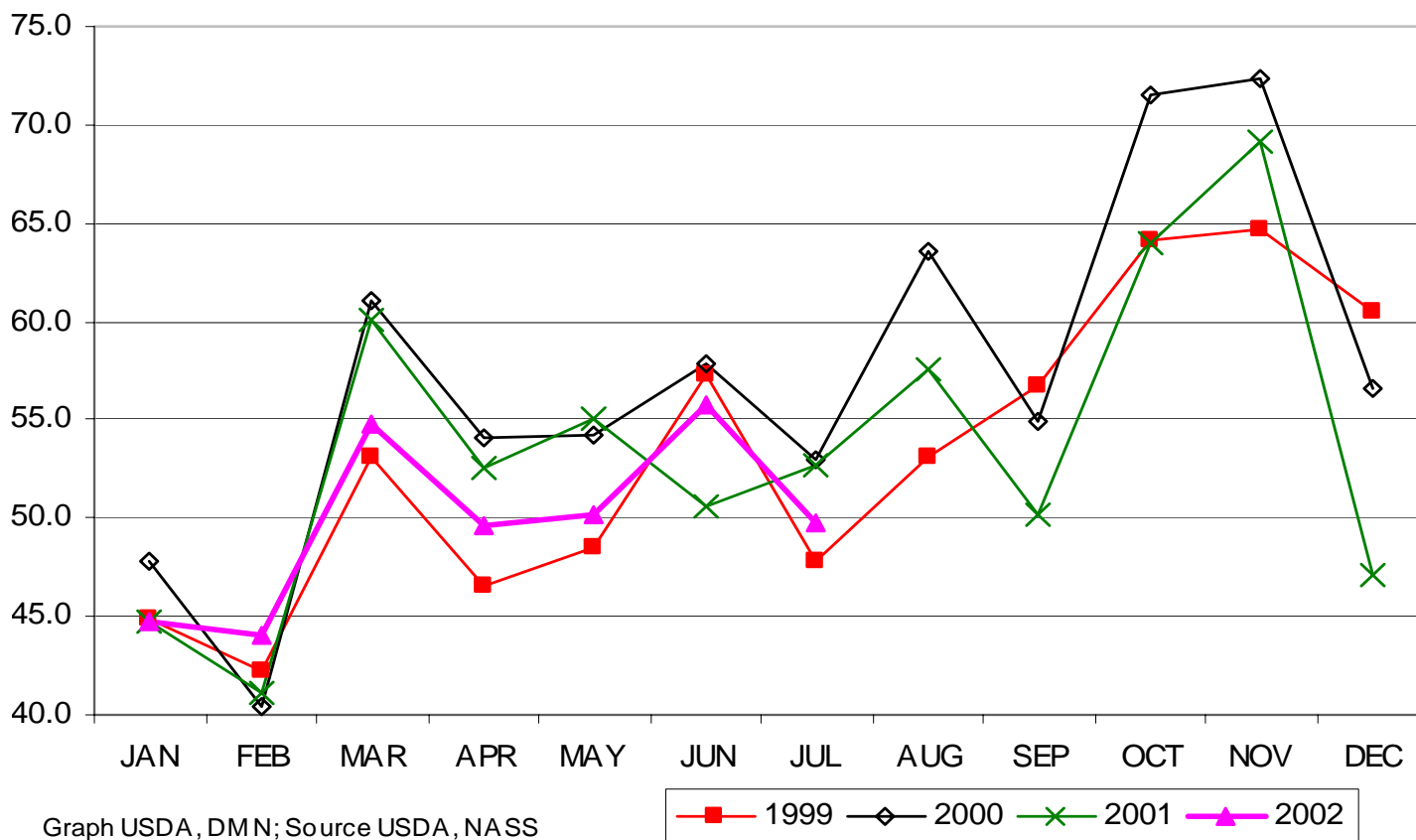
^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{9/} Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. ^{10/} Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. ^{11/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{12/} Class I price at Las Vegas is minus \$0.35. ^{13/} Class I price at Boise is minus \$0.30. ^{14/} Class I prices at other cities are: Portland, same; and Spokane, same.

U.S. HARD ICE CREAM PRODUCTION

Million Gallons

**U.S. CREAM AND NEUFCHATEL PRODUCTION**

Million Pounds



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 23 - 27, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 09/20/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	2,799,171	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	2,219,117	4,025,276	-0-	-0-
Process	39,600	-0-	39,600	2,336,400	3,999,600	-0-	-0-
TOTAL	39,600	-0-	39,600	7,354,688	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	6,829,497	3,596,135	3,233,362	651,968,255	370,751,587	1,145,167,000	600,617,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	6,829,497	3,596,135	3,233,362	651,968,255	398,902,678	1,191,558,000	638,844,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 23 - 27, 2002 =	1.1	38.0	COMPARABLE PERIOD IN 2001 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2001 =	211.3	7,661.7	CUMULATIVE SAME PERIOD LAST YEAR =	190.1	4,752.9
CUMULATIVE JANUARY 1 - SEPT. 27, 2002 =	194.4	6,765.8	COMPARABLE CALENDAR YEAR 2001 =	73.5	3,270.3

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF SEPTEMBER 23 - 27, 2002 (POUNDS)

		BUTTER			CHEESE		NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	39,600	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	3,233,362	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	2,336,400	5,995,440	35,590,570	6,677,037	13.9	29.9
WEST	-0-	-0-	5,018,288	5,039,919	579,257,494	392,225,641	82.2	69.9
EAST	-0-	-0-	-0-	39,600	37,120,191	-0-	3.9	0.2
TOTAL	-0-	-0-	7,354,688	11,074,959	651,968,255	398,902,678	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 09/07/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.8	6.3	4.3	18.0	2.3	0.5	0.8	12.7	2.0	47.8	47.9
2001-Dairy	0.2	0.8	4.9	4.8	15.4	2.6	0.8	0.9	10.9	1.9	43.3	46.0
2002-All cows	0.2	0.9	8.0	11.7	26.5	13.6	13.9	3.2	15.1	6.7	99.7	47.3
2001-All cows	0.2	0.8	6.2	12.9	23.9	10.8	13.8	3.9	13.2	5.8	91.5	46.2

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48	10.46	10.15		
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07				
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54				
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41				

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm